

Vermont
Department of Health
Claiming Manual

For

School-Based Medicaid
Administrative Services

October, 2010

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SECTION I: INTRODUCTION

This manual is a guide to assist supervisory unions/school districts in the completion of quarterly Medicaid Administrative Claims (MAC). MAC is for health-related administrative activities *not* educational activities. Vermont Medicaid is a medical insurer that pays for medical, preventive and/or evaluative services. School health personnel perform a variety of administrative activities that serve to ensure the integrity and delivery of Vermont Medicaid services. The objective of MAC is to identify costs associated with administrative activities that support the Vermont Medicaid program. In order to capture these costs, a Random Moment Time Study (RMTS) needs to be completed by school direct service and direct support personnel three times a year. The quarters are defined as October - December, January - March and April - June. An average of the RMTS data from the previous three quarters will be used for the July - September quarter. The RMTS data, in conjunction with expenditure and cost information, create an administrative claim that is submitted to the federal government for payment.

SECTION II: TERMS AND DEFINITIONS

1. **DOE** - Department of Education.
2. **LEA** - Local Education Authority.
3. **FFP** - Federal financial participation rate for Administrative costs which, based on the 1115a waiver “Global Commitment to Health,” is the same as the Federal Medical Assistance Percentage (as specified in 42 CFR 433.10).
4. **Salary**- Only that portion of the actual salary or contractual agreement funded by state/local revenue is eligible for claiming during the quarter for which the claim is being submitted.
5. **Fringe benefits** - The cost of actual staff benefits (including health and life insurance, unemployment compensation, Medicare and pension contributions, Workers’ compensation/Injury payments, and other benefits) funded from state/local revenue are eligible for claiming.
6. **Material and supply costs** - The cost of actual materials and supplies funded by state/local revenue which are used to assist in the performance of allowable Medicaid administrative activities are eligible for claiming.
7. **Indirect cost rate** - The unrestricted indirect cost rate for each Local Education Authority is determined by the federal government for federally funded programs.
8. **Gross claim** - The summation of claimable salaries, fringe benefits, materials/supplies, indirect and capital costs.
9. **Net claim** - The product of the gross claim amount multiplied by the appropriate FFP rate.
10. **Medicaid Eligibility Percentage**- The ratio of Medicaid eligible students in the LEA to the number of total students in the LEA.
11. **General administrative overhead factor** - The total of time spent on administrative activity codes (B, D, H, J, L, N and P) divided by the total worked time (Codes A to P) for each job position grouping. If no allowable administrative activities are performed, no time associated with the administrative overhead factor should be included.
12. **School-Based Health Services** - Health related services provided by a state or locally funded health professional to students enrolled in public or Special Education schools.

SECTION III: HOW TO COMPLETE THE CLAIM

A) SOURCES OF DATA

1) RANDOM MOMENT TIME STUDY DATA

- **Summarizing** - Calculate the percentage of time spent on each administrative activity (A-Q) in relationship to the total worked time.
- **Refer to the Vermont Department of Health Random Moment Time Study Manual For School-Based Administrative Services July, 2010**

2) COST DATA

- Gather actual expenses incurred during the quarter for Time Study Participants (refer to Tables I). The claimable expense categories are as follows:
 - Salaries or contractual agreements
 - Fringe Benefits
 - Materials and Supplies
- Restricted federal funding should be deducted from the actual expenses, such that *only state/local funding sources are included in the claim calculations.*
- *Capital*

1.) Identify the acquisition costs of the school district's buildings and improvements (including land improvements, such as paved parking areas, fences, and sidewalks). Multiply this amount by two percent (2%), which is the established annual use allowance calculation percentage for these items of capital cost. Include in this amount any of the buildings' components (e.g., plumbing system, heating and air conditioning, etc.) ("fixed assets/equipment"). Do not include as fixed assets/equipment any equipment which is merely attached or fastened to the building but not permanently fixed to it and which is used as furnishings or decorations or for specialized purposes. Such equipment will be considered as not being permanently fixed to the building if it can be removed without the destruction of, or need for costly or expensive alterations or repairs, to the building or the equipment. (See OMB Circular A-87, Attachment B ("A-87(B)") at 11(f)).

2.) Identify the acquisition costs of the school district's equipment that is not included in the amount described in the previous paragraph ("major movable equipment"). Multiply this amount by six and two-thirds percent (6.67%), which is the established annual use allowance calculation percentage for this item of capital cost. (See A-87(B) at 11(f).)

3.) Valuation of building and equipment costs shall be based on the acquisition cost of those assets. Where actual cost records have not been maintained, a reasonable estimate of the original acquisition cost may be used. (See A-87(B) at 11(b).)

NOTE: The asset valuation must exclude:

- The cost of land;
 - Any portion of the cost of buildings and equipment borne or donated by the Federal Government irrespective of where title was originally vested or where it presently resides; and
 - Any portion of the cost of buildings and equipment contributed in satisfaction of a federal matching requirement.
- (See A-87(B) at 11(c).)

4.) Assets included in these calculations must be supported by adequate property records. Physical inventories must be taken at least once every two years (a statistical sampling approach is acceptable) to ensure that assets exist, and are in use. Municipalities must manage equipment in accordance with state laws and procedures. (See A-87(B) at 11(h).)

5.) Identify the school district's current interest expenses associated with land, equipment, and school building acquisition, construction, fabrication, reconstruction, and remodeling.

NOTE: Allowable interest costs incurred must meet the following conditions:

- The financing is provided (from other than tax or user fee sources) by a bona fide third party external to the municipality or school district;
- The assets are used in support of the Medicaid Program;
- Earnings on debt service reserve funds or interest earned on borrowed funds pending payments of the construction or acquisition costs are used to offset the current period's cost or the capitalized interest, as appropriate. Earnings subject to being reported to the Federal Internal Revenue Service under arbitrage requirements are excludable.
- For debt arrangements over \$1 million, unless the municipality or school district makes an initial equity contribution to the asset purchase of 25% or more, the municipality or school district shall reduce claims for interest cost by an amount equal to imputed interest earning on excess cash flow, which is to be calculated as follows. Annually, non-Federal entities shall prepare a cumulative (from the inception of the project) report of monthly cash flows that includes inflows and outflows, regardless of the funding source. Inflows consist of depreciation expense, amortization of capitalized construction interest, and annual interest cost. For cash flow calculations, the annual inflow figures shall be divided by the number of months in the year (i.e., usually 12) that the building is in service for monthly amounts. Outflows consist of initial equity contributions, debt principal payments (less the pro rata share attributable to the unallowable costs of land) and interest payments. Where cumulative inflows exceed cumulative outflows, interest shall be calculated on the excess inflows for that period and be treated as a reduction to allowable interest cost. The rate of interest to be used to compute earnings on excess cash flows shall be the three-month Treasury bill closing rate as of the last business day of that month.
- Interest attributable to fully depreciated assets is unallowable.
(See A-87(B) at 23(b).)

6.) Add the total calculated amounts for building and fixed assets, major movable equipment and interest expense. This amount is the school district's gross claim amount for capital.

7.) Calculate the capital percentage rate by taking the ratio of capital costs to district-wide salaries plus fringe benefits.

8.) Apply the capital percentage rate to the Medicaid administrative direct costs on the quarterly claim calculation summary.

B) CALCULATING THE CLAIM

- 1) Quarterly actual expenses by job position grouping should be allocated to each activity code (A-Q) based upon the results of the quarterly random moment time study.
- 2) The Medicaid Mix factor for the LEA should be applied to actual expenses for Transportation-Related Activities in Support of Medicaid/Dr. Dynasaur Covered Services (activity code H), Translation Related to Medicaid/Dr. Dynasaur Covered Services (activity code J), Provider Networking/Program Planning/Interagency Coordination Related to Medical Services (activity code L), Medical/Medicaid/Dr. Dynasaur related Training (activity code N), and Referral, Coordination and Monitoring of Medicaid/Dr. Dynasaur Services (activity code P).
- 3) Actual expenses allocated to General Administration (activity code Q) should be multiplied by the general administrative overhead factor. If no allowable administrative activities are performed, no time associated with the administrative overhead factor should be included.
- 4) The gross cost pool total amount per administrative activity is produced by completing the steps indicated above, and only includes Activity Codes B, D, H, J, L, N, P and Q.
- 5) Multiply the gross cost pool total amount by the Capital Cost percentage to produce the sub total gross claim amount.
- 6) Multiply the sub total gross claim amount by the indirect cost rate to produce the grand total gross claim amount.
- 7) Multiply the grand total gross claim amount by the appropriate FFP rate to produce the net claim amount.
- 8) No FFP is applicable to actual expenses in Non-Medicaid/Dr. Dynasaur Outreach (activity code A), Facilitating Application for Non-Medicaid/Dr. Dynasaur Programs (activity code C), School Related and Educational Activities (activity code E), Direct Medical Services (activity code F), Transportation for Non-Medicaid/Dr. Dynasaur Services (activity code G), Non-Medicaid/Dr. Dynasaur Translation (activity code I), Program Planning, Policy Development, and Interagency, Coordination Related to Non-Medical Services (activity code K), Non-Medical/Non-Medicaid/Dr. Dynasaur Related Training (activity code M), and Referral, Coordination, and Monitoring of Non-Medicaid/Dr. Dynasaur Services (activity code O).

SECTION IV: CLAIM SUBMISSION REQUIREMENTS

1. When submitting your school district's quarterly claim, include the following items:
 - ✓ Claim Summary Report
 - ✓ Capital Calculation Report
 - ✓ Material and Supply Cost Report
 - ✓ Cost Pool Calculation Report
 - ✓ Claim Calculation Report

Claim Summary Report

Gross Cost Pool Total		\$26,801.93
Capital Cost	10.22%	\$2,738.08
Sub Total Gross Claim		\$29,540.01
Indirect Cost	12.00%	\$3,544.80
Grand Total Gross Claim		\$33,084.81
Net Claim		\$16,542.41

Capital Calculation Report

School Based Cost	Amount	Use Allowance	Total
Building & Fixed Valuation	\$90,933,808.48	2.00%	\$1,818,676.17
Major Moveable Valuation	\$7,633,044.15	6.67%	\$509,124.04
Interest Expense	\$1,995,583.00		\$1,995,583.00
		SubTotal Capital	\$4,323,383.21
		Total District Salary & Fringe Benefit	\$42,319,782.00
		Capital Cost Percentage	10.22%

**Material and Supply Cost
Report**

Material & Supply Expenditure: \$13,500.00

Job Group	FTE	Total District FTE	Percentage	Material & Supply Total
1	7.10	70	10.14%	\$1,369.29

**Cost Pool Calculation
Report**

	NAME	FTE	Quarterly Salary	Fringe Benefits	Total
	Black, Mary	1.00	\$14,241.90	\$4,907.19	\$19,149.09
	Blue, Jane	1.00	\$7,073.88	\$3,320.60	\$10,394.48
	Green, John	1.00	\$18,024.60	\$5,034.43	\$23,059.03
	Yellow, Thomas	1.00	\$11,708.52	\$4,796.10	\$16,504.62
	Pink, Paul	0.80	\$6,750.64	\$2,561.79	\$9,312.43
	Gray, Gary	1.00	\$10,820.34	\$4,709.35	\$15,529.69
	White, Anne	1.00	\$11,077.02	\$4,694.79	\$15,771.81
Salaried Total:	7	6.80	\$79,696.90	\$30,024.25	\$109,721.15
	Purple, Peter	0.30	\$2,000.00	\$0.00	\$2,000.00
Contracted Total	1		\$2,000.00	\$0.00	\$2,000.00
Materials & Supplies					\$1,369.29
Grand Total:	8	7.10	\$ 81,696.90	\$ 30,024.25	\$ 113,090.44

Claim Calculation Report

Activity Code	Activity Code %	Cost Pool	Medicaid Eligibility	Overhead	Gross Claim Amount
A Non-Medicaid/Dr. Dynasaur Outreach	2.50%	\$113,090.44	N/A	N/A	\$2,827.26
B. Medicaid/Dr. Dynasaur Outreach	2.50%	\$113,090.44	N/A	N/A	\$2,827.26
C. Facilitating Application for Non-Medicaid/Dr. Dynasaur Programs	5.00%	\$113,090.44	N/A	N/A	\$5,654.52
D. Facilitating Medicaid/Dr. Dynasaur Eligibility Determination	5.00%	\$113,090.44	N/A	N/A	\$5,654.52
E. School Related and Educational Activities	10.00%	\$113,090.44	N/A	N/A	\$11,309.04
F. Direct Medical Services	15.00%	\$113,090.44	N/A	N/A	\$16,963.57
G. Transportation for Non-Medicaid/Dr. Dynasaur Services	2.00%	\$113,090.44	N/A	N/A	\$2,261.81
H. Transportation-Related Activities in Support of Medicaid/Dr. Dynasaur Covered Services	2.00%	\$113,090.44	46.88%	N/A	\$1,060.34
I. Non-Medicaid/Dr. Dynasaur Translation	1.00%	\$113,090.44	N/A	N/A	\$1,130.90
J. Translation Related to Medicaid/Dr. Dynasaur Covered Services	2.50%	\$113,090.44	46.88%	N/A	\$1,325.42
K. Program Planning, Policy Development, and Interagency Coordination Related to Non-Medical Services	2.50%	\$113,090.44	N/A	N/A	\$2,827.26
L. Program Planning, Policy Development, and Interagency Coordination Related to Medical Services	5.00%	\$113,090.44	46.88%	N/A	\$2,650.84
M Non-Medical/Non-Medicaid/Dr. Dynasaur Related Training	10.00%	\$113,090.44	N/A	N/A	\$11,309.04
N. Medical/Medicaid/Dr. Dynasaur Related Training	10.00%	\$113,090.44	46.88%	N/A	\$5,301.68
O. Referral, Coordination, and Monitoring of Non-	5.00%	\$113,090.44	N/A	N/A	\$5,654.52

Medicaid/Dr. Dynasaur Services					
P. Referral, Coordination, and Monitoring of Medicaid/Dr. Dynasaur Services	10.00%	\$113,090.44	46.88%	N/A	\$5,301.68
Q. General Administration	10.00%	\$113,090.44	N/A	23.70%	\$2,680.19
Total	100.00%				\$86,739.86

SECTION V: TIME STUDY PARTICIPANTS

Speech/Language Therapist, Assistant or Aide
Occupational Therapist, Assistant or Aide
Physical Therapist Assistant or Aide
School Psychologist
Psychologist
Registered Nurse
Licensed Practical Nurse
Nurse's Aide
Audiologist/Hearing Impaired Specialist
Psychiatrist/Physician
Case Manager
School Adjustment Counselor
School Social Worker
Guidance Counselor
Certified Alcohol Counselor
Student Assistance Professional (SAPS)
Home School Coordinator
Counselor/Mental Health Practitioner
Substance Abuse Worker
Project Coordinator
Dentist, Dental Hygienist
Special Education Director, Administrators/Assistant
Special Education clerical and technical support Personnel
Pupil Support Services Director, Administrators/Assistant
Pupil Support Services clerical and technical support Personnel
Health Coordinator
Nursing Director, Administrators/Assistant
Nursing clerical and technical support Personnel
Director of Guidance

Note school personnel eligible to participate in this program are based on the actual job function that they perform, not on their job title. Individuals who are expected to perform Medicaid related administrative activities should participate in the time study.